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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(X) Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 1992

OR

Q2-2246

( ) Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from .....to.....

Commission File Number 0-18924

IMPLANT TECHNOLOGY, INC.
(exact name of Registrant as specified in its Charter)

New Jersey	22-2615498
State or other jurisdiction of incorporation or organization	IRS Employer Identification Number

400 Plaza Drive, Secaucus, New Jersey	07094
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, including Area Code (201)866-7701

Indicate by check mark whether the registrant (1) filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such report(s), and (2) has been subject to such filing requirements for the past ninety days.

YES X NO _____

Indicate the number of shares outstanding of each of the Issuer's classes of Common Stock, as of the latest practicable date.

Class	Issued and Outstanding at May 13, 1992
Common Stock, $.01 par value	6,344,396

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IMPLANT TECHNOLOGY, INC.

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Item 2.	Changes in Securities	Not Applicable
Item 3.	Defaults Upon Senior Securities	Not Applicable
Item 4.	Submission of Matters to a Vote of Security Holders	Not Applicable
Item 5.	Other Information	Not Applicable
Item 6 -	Exhibits and Reports on Form 8-K	
	(a) Exhibits:	None
	(b) Reports on Form 8-K:	None filed for the period covered by this report

IMPLANT TECHNOLOGY, INC.

BALANCE SHEET

ASSETS	March 31, 1992 (unaudited)	December 31, 1991
Current assets:		
Cash and cash equivalents	$ 48,000	$ 48,000
Accounts receivable (net of allowance of $96,567 at March 31, 1992 and December 31, 1991	979,919	1,019,087
Inventory (Note 2)	2,229,023	2,249,780
Prepaid expenses	136,228	147,720
Total current assets	3,393,170	3,464,587
Furniture, machinery and equipment	886,191	881,291
Less accumulated depreciation	<594,041>	<561,238>
	292,150	320,053
Long-term inventory (Note 2)	680,160	677,392
Other assets	11,255	10,355
	$ 4,376,735	$ 4,472,387

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1992 (unaudited)	December 31, 1991
Current liabilities:		
Accounts payable	$ 1,795,192	$ 1,742,757
Accrued liabilities	379,975	410,623
Accrued royalties	205,215	134,635
Notes payable	500,000	500,000
Total current liabilities	$ 2,880,382	$ 2,788,015
Commitments		
Stockholders' equity		
Common stock, $.01 par value, 20,000,000 shares authorized, 6,349,196 and 6,324,196 shares issued at March 31, 1992, and December 31, 1991, respectively	63,492	63,242
Paid-in capital	14,224,384	14,222,741
Accumulated deficit	<12,303,361>	<12,113,449>
Less treasury stock, 4,900 shares at cost	<48>	<48>
Less stockholders'notes receivable	<488,114>	<488,114>
Total stockholders' equity	$ 1,496,353	$ 1,684,372
	$ 4,376,735	$ 4,472,387

See accompanying Notes.

IMPLANT TECHNOLOGY, INC.

STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
Net Sales:		
Implant devices	$ 773,015	$ 700,193
Instrumentation equipment	25,842	22,660
	$ 798,857	$ 722,853
Cost of Sales:		
Implant devices	188,928	235,308
Instrumentation equipment	25,811	20,918
	214,739	256,226
Gross Profit	584,118	466,627
Expenses:		
Sales and marketing	98,687	235,364
General and administrative	357,567	389,408
Research & development	59,817	78,114
Royalty expenses	70,580	66,984
Distributor commission expense	179,673	151,555
	766,324	921,425
Loss from operations	<182,206>	<454,798>
Interest expense	<19,326>	< 2,068>
Interest income	11,620	33,363
Net loss	$<189,912>	$<423,503>
Net loss per share	$< .03>	$< .07>

See accompanying Notes.

INPLANT TECHNOLOGY, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

Year Ended December 31, 1991 and Three Months Ended March 31, 1992

	Common Stock	Paid-in Capital	Accumulated Deficit	Treasury Stock	Stockholders' Notes Receivables	Total Stockholders' Equity
Balance, December 31, 1990	$61,442	$14,188,166	$<10,092,806>	$ <48>	$ <488,114>	$3,668,640
Exercise of common stock option	50	3,700				3,750
Issuance of common stock for loan fee	1,750	30,875				32,625
Net Loss			<2,020,643>			<2,020,643>
Balance, December 31, 1991	63,242	14,222,741	<12,113,449>	<48>	<488,114>	1,684,372
Issuance of common stock for consulting services	250	1,643				1,893
Net Loss			<189,912>			<189,912>
Balance, March 31, 1992	$63,492	$14,224,384	$<12,303,361>	$ <48>	$ <488,114>	$1,496,353

See Accompanying Notes.

IMPLANT TECHNOLOGY, INC.

STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
Cash flows from operating activities:		
Cash received from customers	$ 844,824	$ 676,274
Interest collected	1,074	32,674
Interest paid	<5,327>	<2,068>
Cash paid to suppliers, employees and consultants	<663,513>	<1,326,531>
Royalties paid		<124,492>
Commissions paid	<172,158>	<164,219>
Net cash used in operating activities	4,900	<908,362>
Cash flows from investing activities:		
Purchases of furniture, machinery and equipment	<4,900>	<86,969>
Net cash used in investing activities	<4,900>	<86,969>
Cash flows from financing activities:		
Principal payments under capital lease obligation		<1,320>
Proceeds from borrowings		200,000
Repayment of borrowings		<200,000>
Proceeds from exercise of common stock options		3,750
Net cash provided by financing activities	-	2,430
Net decrease in cash and cash equivalents	-	<992,901>
Cash and cash equivalents at beginning of period	48,000	1,476,618
Cash and cash equivalents at end of period	$ 48,000	$ 483,717

See accompanying Notes.

IMPLANT TECHNOLOGY, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
Reconciliation of net loss to net cash used in operating activities:		
Net loss	<$189,912>	<$423,503>
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	32,801	36,796
Consulting fee paid through issuance of stock	1,893	
(Increase) decrease in accounts receivable	39,168	<40,645>
(Increase) decrease in inventories	17,989	<70,205>
Increase (Decrease) in accounts payable	52,435	<166,808>
(Decrease) increase in accrued liabilities	39,934	<219,955>
(Increase) decrease in prepaid expenses and other assets	10,592	<24,042>
Total adjustments	194,812	<484,859>
Net cash used in operating activities	4,900	<908,362>

See accompanying Notes.

IMPLANT TECHNOLOGY, INC.

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Basis of Presentation:

The balance sheet at the end of the preceding fiscal year has been derived from the audited balance sheet contained in the Company's Form 10-K and is presented for comparative purposes. All other financial statements are unaudited. In the opinion of management, all adjustments which include only normal recurring adjustments and accruals necessary to present fairly the financial position, results of operations, changes in stockholders' equity and cash flows for all periods presented have been made. The results of operations for the interim period presented is not necessarily indicative of the operating results for the full year.

Footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been omitted in accordance with the published rules and regulations of the Securities and Exchange Commission. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K for the most recent fiscal year.

Note 2 - Inventory

The Company records inventory at the lower of FIFO (first-in, first-out) cost or market. Inventory at March 31, 1992 and December 31, 1991 consists of the following:

	March 31, 1992	December 31, 1991
Work in Process	$ 836,308	$ 841,563
Finished Goods	1,693,482	1,697,083
Instrumentation	379,393	388,526
	2,909,183	$2,927,172
Less: Long Term Portion	<680,160>	<677,392>
	$2,229,023	$2,249,780

As March 31, 1992 and December 31, 1991, the Company carried a certain amount of inventory which is not expected to be sold within the subsequent 12 months. Management believes such levels of inventory are necessary for purposes of marketing its products. The portion of inventory not expected to be sold within the following 12 month period has been classified as long-term.

IMPLANT TECHNOLOGY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

Results of Operations

Net sales for the first quarter of 1992 increased 10.5% to approximately $799,000 from approximately $723,000 for the first quarter of 1991. The implementation of a price increase in October 1991 is a primary factor contributing to the increase in net sales.

Gross profit, as a percentage of sales, increased from 64.6% in the first quarter of 1991 to 73.1% in the first quarter of 1992. The aforementioned price increase and lower prices from several inventory vendors resulted in decreased production costs. This was partially offset by cost increases associated with support personnel.

Sales and marketing expenses decreased approximately $136,000, or 57.9%, from approximately $235,000 in the first quarter of 1991 to approximately $99,000 in the first quarter of 1992. Salaries and travel and entertainment expenses of two employees no longer with the Company decreased approximately $61,000; while marketing and advertising expenses decreased approximately $71,000.

Commission and royalty expenses increased in the first quarter of 1992 over the first quarter of 1991 principally as a result of the price increase.

Interest expense increased by approximately $17,000. The Company has a $500,000 note outstanding in the first quarter of 1992. In the first quarter 1991, the company had no debt. Interest income decreased by approximately $22,000. The Company was investing the balance of the December 1990 public offering during the first quarter of 1991. In the first quarter of 1992, the Company had no such investments.

As a result of the above, net loss for the first quarter of 1992 decreased to approximately $190,000 ($.03 per share) from approximately $424,000 ($.07 per share) in the first quarter of 1991.

Liquidity and Capital Resources

The Company has a significant investment in inventory ($2,909,000) as of March 31, 1992 of which approximately $836,000 is work in process which will require the spending of additional sums to complete. The Company's inventory mix consists of varying sizes of femoral stems, hip sockets and related implant components to allow the orthopaedic surgeon flexibility during the implant procedure. As a result, each of the sales agents engaged by the Company is supplied, on a consignment basis, with multiple complete sets of each of the Company's hip implant systems in each size available. In addition, since many decisions relating to the size and component selection of the implant are made during the course of the surgical procedure, the sales agents must have certain duplicate components of the Company's hip implant devices available during the surgery. Consequently, the company is required to maintain a substantial inventory investment, which is largely proportional to the size of its sales force. Additional inventory is maintained in a central location. The Company's implant production lead time, which ranges from 6 to 22 weeks, also necessitates an investment in a substantial work-in-process inventory.

Under certain long term employment and Consulting Agreements, to which the Company is a party, aggregate payments are required for approximately $467,000 per annum.

On June 28, 1991, the Company issued a 12% $500,000 short-term note to an investor. The principal amount of the note, plus all accrued interest, was due on November 30, 1991. As of the end of the third quarter 1991, the funds provided by the note have been utilized in the Company's operations.

Additionally, the Company has not been current in payment of interest on this note since September 1991 and, accordingly, the note may be considered to be in default. The note is collateralized by certain assets of the Company including its inventory and instrumentation. The Company believes it will be able to negotiate a reasonable repayment schedule concurrent with the completion of a new financing.

The Company has approximately $2,382,000 in accounts payable and accrued expenses at March 31, 1992. Current monthly cash receipts are at a level that allows the Company to pay all necessary operating costs (i.e. payroll, commissions, royalties, insurance, etc.). However, due to lack of further financing, the Company has had to delay payment to many vendors, the most valuable of these vendors as a group being the inventory vendors. At March 31, 1992, inventory vendor payables were approximately $1,093,000. The Company's management has been in contact with all such vendors. Some of the vendors are continuing to ship product to the Company without payment. Other vendors are shipping on a modified payment plan, however, there are certain vendors that have halted any further business dealings with the

Company until all past due balances are resolved. In instances where the Company does not have a required product in inventory, intra-agent inventory transfers have been accomplished, although there have been several instances where the Company has incurred a stockout on an inventory item and, therefore, suffered lost sales due to the stockout. The Company believes it will be able to negotiate a reasonable payment plan with its trade creditors concurrent with new financing.

The Company is in the process of exploring various solutions to its liquidity problem. The Company is having discussions with certain potential investors with a view to a completion of a private placement which could effectively result in a change of control. In addition, the Company continues to explore the possibility of a sale of either the Company or its technology. No assurances can be given that either of the aforementioned courses of action can be completed satisfactorily. If the Company does not obtain additional funding it will not be able to remain in business.

The Company has tax net operating loss carryforwards of approximately $11,500,000 at December 31, 1991, which will expire in the years 2001 to 2006.

As a result of the change of ownership in 1990, utilization of the Company's net operating loss carryforwards in future years will be subject to an annual limitation under Section 382 of the Internal Revenue Code of 1986. Based on the fair value of the Company as of December 31, 1990, the annual limitation is approximately $440,000.

The Company has considered the possible effects of the implementation of recently issued accounting standards contained in FASB Nos. 106, 107 and 109 which it is not required to adopt until future dates, and it believes their impact to be negligible.

PART II

Item 1.	Legal Proceedings	Not Applicable
Item 2.	Changes in Securities	Not Applicable
Item 3.	Defaults Upon Senior Securities	Not Applicable
Item 4.	Submission of Matters to a Vote of Security Holders	Not Applicable
Item 5.	Other Information	Not Applicable
Item 6.	Exhibits and Reports of Form 8-K	
	(a) Exhibits:	None
	(b) Reports of Form 8-K	None filed for the period covered by this report

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IMPLANT TECHNOLOGY, INC.

Registrant

Date: May 13, 1992

By: _____
Mark Auerbach, President
and Chief Executive Officer
and Chief Financial Officer

Date: May 13, 1992

By: _____
John E. Walsh
Assistant Controller
and Principal Accounting
Officer